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FM AMEMBASSY THE HAGUE
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7923
INFO RUEHZG/NATO EU COLLECTIVE PRIORITY
RUEKJCS/CJCS WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
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C O N F I D E N T I A L THE HAGUE 000105

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E.O. 12958: DECL: 01/19/2017
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SUBJECT: NETHERLANDS: HARD DECISIONS ON DEFENSE BUDGET

Classified By: Ambassador Roland Arnall, reasons...

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Hague",CONFIDENTIAL,, "VZCZCXYZ0030

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¶1. (C) Summary: Dutch MOD leadership is searching for
""creative ways"" to preserve some 2007 defense investment
projects, including unmanned aerial vehicle (UAV) and CH-47
Chinook helicopter acquisition, and participation in NATO's
C-17 Strategic Airlift Initiative. While Joint Strike
Fighter (JSF) participation looks solid, the number of
acquired JSF aircraft will likely be decreased, and
acquisition of Tactical Tomahawk (TACTOM) missiles is all but
dead for political reasons. MOD leadership expected no cuts
-- or increases -- to future defense budgets as a result of
the new government currently in formation. MOD Director for
General Policy Affairs Lo Casteleijn and Dutch CHOD Gen.
Berlijn discussed these issues with the Ambassador on January
¶19. Defense Minister Kamp and MOD State Secretary van der
Knaap will discuss defense budget options further on January
¶24. End Summary.

Hard Decisions; Looking for Creative Solutions

¶2. (C) Casteleijn acknowledged that the GONL will need to
make some hard decisions on defense investments for 2007 due
to over-spending on 2006 defense projects and political
sensitivities associated with the Labor Party (PvdA) joining
the new government. He said Kamp and van der Knaap were
looking for ""creative solutions"" to save or postpone some
2007 investments. Embassy contacts report that due to a
family crisis and illness, Kamp and van der Knaap delayed

reviewing options until January 24.

13. (C) One such project included Dutch interest in the U.S. Predator B unmanned aerial vehicle (UAV) program, which Casteleijn argued was vital -- postponing or canceling UAV acquisition would be a step backward. Casteleijn also mentioned the NATO C-17 Strategic Airlift Initiative as another targeted project to try and save, but added that much depended on who will be the new defense minister, and whether he/she would prioritize the project after cost increases associated with the initiative.

Joint Strike Fighter

14. (C) Casteleijn said the GONL will likely purchase two early JSF aircraft in order to participate in the test and evaluation program. He expected the new government to honor all previous JSF commitments, including participation in the production, sustainment and follow-on phase. However, Casteleijn suggested the new government will most likely decrease the number of total planes purchased. For planning purposes, the current government has stated plans to purchase 85 JSF aircraft.

TACTOM is Dead

15. (C) For political reasons, Casteleijn said the most likely 2007 defense investment casualty will be the Tactical Tomahawk (TACTOM) missile acquisition. Casteleijn explained that current Defense Minister Kamp fervently supports TACTOM as a method of maximizing the capabilities of the smaller Dutch navy, but suggested Kamp is largely isolated on the acquisition. PvdA views TACTOM as an aggressive, unnecessary weapon with a "U.S.-controlled" targeting system. Even PM Balkenende's Christian Democratic Alliance (CDA) questions the need for TACTOM, and Kamp's impending departure from government will all but kill the acquisition.

16. (C) Ambassador Arnall argued for prudence, and suggested quietly shelving TACTOM instead of abandoning it in order to keep options open -- after all, the Dutch are the third country in the world cleared to acquire TACTOM. Casteleijn took the point, but said that decision will be left to the new defense minister. He suggested a new defense minister from PvdA might want for political reasons to demonstrate independence from the United States by publicly abandoning TACTOM.

Chinook Delay?

17. (C) Dutch CHOD Gen. Berlijn acknowledged that the MOD was looking at methods to preserve funding for the acquisition of six CH-47 Chinook helicopters with specialized Honeywell-configured cockpits. Berlijn said Chinooks were vital for the Dutch mission in Afghanistan, and the MOD is working with Finance Minister Zalm on creative methods to preserve the program. Berlijn said Zalm understands the importance of the Chinooks, but may not have the political leeway to shift funds from property sales to preserve the acquisition. If not, the acquisition may be delayed by three years, Berlijn said.

Static Defense Budget

18. (C) Casteleijn argued the importance of maintaining current defense spending given Dutch overseas military operations, and anticipated no future defense budget cuts -- or increases -- resulting from the new coalition currently being formed. He acknowledged that the "graying of the population," coupled with antiquated education and social security systems could put tremendous pressure on the defense budget. However, he described PvdA leadership as "pragmatic," and said the defense minister, should he come from PvdA, will understand the importance of preserving the

defense budget. That said, he did acknowledge that
"efficiency" cuts across the national budget could affect
defense spending -- these "corrections in course" had been
issued in the past, and reflected fiscal, apolitical
decisions.

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